

# HOSTEL AND BAR MONDPALAST, DRESDEN, GERMANY

## Use of Recruitment Agencies in Employing New Staff

### Introduction

The Mondpalast is a modern hostel and bar with a very international atmosphere. It offers affordable rooms for groups, but also offers double rooms for adults travelling individually.

The hostel was founded in August 1997. Until 2002 it was situated in a factory building, but in 2002 it moved to the "Neustadt" the trendy district of Dresden where a lot of bars, restaurants and pubs are located. Nowadays the Mondpalast has 92 beds in 21 rooms and a bar which offers drinks and small snacks. The bar is not only used by the guests of the hostel but also by those enjoying the nightlife of Dresden.

In December 2007, the Mondpalast had a workforce of between 20 - 25 employees, 4 of them were permanent full-time employees and had executive positions, the rest of whom were flat-rate employees. In addition there were the two owners of the hostel who performed the management tasks. The majority of employees were female and since most of the flat-rate employees were students, the average age of the employees was very young. The flat-rate workers had mainly limited contracts on a mini job basis.

On average the flat-rate workers stayed 2 years in the hostel Mondpalast before they left. Normally, the flat-rate workers handed in their notice upon completion of their studies. The owners of the hostel value students who work for at least one year in the hostel.

### HR Strategies

To understand the HR strategies of the Mondpalast it is important to understand that a hostel operates in the low budget segment of the accommodation sector and is therefore dependent on low priced rental fees and low labour costs. That is the reason why in the Mondpalast the decision to employ flat-rate workers was made.

### Recruitment of New Employees

Due to the good location of the hostel Mondpalast in the trendy district of Dresden, with its high density of bars and pubs, a lot of people come to the hostel and ask if there are free positions. The contact details of job seekers are kept on file and if there is the need for new employees they are then invited to attend a job interview. Furthermore the hostel places advertisements on university notice-boards seeking new employees. Another method which the hostel uses to find suitable workforce are recommendations from their current employees. There are numerous advantages of recommendations: Existing employees know who will fit well into the hostel; the new employees know already what they can expect; existing employees normally only recommend somebody who exists good performance and this facilitates the integration process.

Job applicants undergo an interview process. The owners of the hostel look for employees who have good knowledge of foreign languages, especially English. Furthermore interpersonal skills, a capacity for teamwork and a positive attitude towards guests are expected from all employees.

The adjustment of the flat rate workers to their new job is not very complex. Employees who will act at the front desk get instruction on the operational system. Then they have to do two shifts, an 'easy' dayshift and one nightshift. Afterwards they have to manage one calm dayshift on their own. During this first single-handed shift there is still somebody close-by who can help if there are problems. For the bar the hostel looks for people who have already worked in a bar or restaurant and know the basic operations, so that they only have to memorize the menu and adjust to the system used in the Mondpalast.

### **Co-operation with the Employment Centre**

The hostel also gained good experience in the recruitment of permanently employed workers with the help of employment centres. The employment centres have special support programmes from which the hostel Mondpalast has benefited. They have made use of support programs for long-term unemployed women over 50 and programmes aimed at the integration of unemployed persons into work.

In the employment centres there are contact persons for each sector (e.g. gastronomy). The contact person who was responsible for the Mondpalast understood very quickly that the hostel needed employees who enjoy working with young colleagues. The employment centre made a pre-selection and the hostel only got a selection of applicants. Afterwards the hostel conducted job interviews and chose a suitable person for the job.

### **Daily Business**

The employees have a lot of autonomy in the design of their duty roster. The manager monitors the design of the duty roster but the employees can allocate the shifts and tasks on their own. The manager only intervenes if there are disagreements. Once a month, a status meeting is convened. These briefings are held in order to keep the employees informed of hostel developments.

### **Shortfalls and Limitations**

Flat-rate workers have a lot of advantages. They assure flexibility and keep labour costs low. But flat rate workers are motivated differently than permanently employed workers. For them the work in the hostel is often only a job for financing their living. This job usually ends when they have finished their studies. So permanently employed workers are of course linked more closely to the hostel.

The hostel found that it was easy to find employees but it was more difficult to find employees on a fixed-rate basis who are proactive and really interested in the job. To keep good flat-rate employees, the hostel works hard on the creation of an enjoyable working climate, because when the students feel comfortable in the team, they come back to work in the hostel.

### **Actual Impact and Perceived Benefits**

The hostel Mondpalast has managed to integrate all employees in a close-knit team where the desires and opinions of everybody are taken into account. The employees

enjoy working together and are thereby motivated. This helps to ensure that the students come back again to work in the hostel. An average retention period of two years for flat-rate workers is also a noticeable achievement.

### **Action Points for the Future**

In the future the owners of the hostel are considering developing an employee profit-sharing scheme. The intention is to share the success of the hostel with the employees. The desired outcome of the profit participation is a larger interest of the employees in the prosperity of the hostel. But at the time of the interview there were no concrete ideas for the design of such a profit sharing scheme.

### **Insights, Advice and Observations**

The management of the hostel believe that the help which organisations like the employment centres or the German Hotel and Restaurant Association can offer to smaller companies in the hospitality sector is very useful. The German Hotel and Restaurant Association for example regularly circulates interesting and informative newsletters to members and offers legal advice. Furthermore the owners of the hostel believe that a good working climate is an essential motivator for employees and an important success factor.

### **Conclusion**

This case study revealed that it is possible to overcome the limitations of employing flat-rate workers by creating a good working climate. A close team, in which the employees enjoy working together, fosters motivation and helps retain flat-rate workers. This helps to elongate the length of stay of flat-rate workers whilst keeping the flexibility and cost-efficiency which this kind of employment has to offer.

